

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7226**

**BILL NUMBER: HB 1157**

**DATE PREPARED:** Jan 6, 2002

**BILL AMENDED:**

**SUBJECT:** Vanderburgh County Supplemental Taxes.

**FISCAL ANALYST:** Chris Baker

**PHONE NUMBER:** 232-9851

**FUNDS AFFECTED: X GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill establishes a 2% Vanderburgh County Rental Car Excise Tax. The bill also requires that the revenue must be provided to the Convention and Visitors Bureau or its designee for capital or operational costs. It requires the Vanderburgh County Convention and Visitor Commission to report annually to the state legislators whose districts include all or part of Vanderburgh County. The bill also extends the Vanderburgh County Food and Beverage Tax through the year 2025 and designates the revenue to financing improvements to Mesker Park Zoo and Preservation Park.

**Effective Date:** January 1, 2003.

**Explanation of State Expenditures:** The Department of State Revenue administrates, audits and collects the Vanderburgh County Food and Beverage Tax. The Department would do the same with respect to the Vanderburgh County Rental Car Excise Tax. For the year 2000, the Department administrated, audited, and collected local taxes at approximately \$0.48 per \$100 of revenue. The Department's current resources are sufficient to absorb the additional costs associated with this proposal.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Rental Car Excise Tax:* The Vanderburgh County Treasurer would be required to establish the Vanderburgh County Supplemental Auto Rental Excise Tax Fund (SARETF). Upon passage of an ordinance to impose the Auto Rental Excise Tax, the Vanderburgh County Council would be required to send a certified copy of the passed ordinance to the Department of State Revenue.

**Explanation of Local Revenues:** *Rental Car Excise Tax:* Under this proposal, the Vanderburgh County Council may adopt the County Supplemental Auto Rental Excise Tax. The tax would be assessed at 2% of the gross retail income from the rental of passenger motor vehicles defined as a motor vehicle designed for carrying passengers, not including motorcycles, buses, or school buses. The following rentals would be

exempt from the county Supplemental Auto Rental Excise Tax: rentals for use in funeral services; rentals during vehicle servicing; and insurance rentals. The Tax would expire on December 31, 2033.

The Tax would be imposed, paid, and collected in the same manner as the state Gross Retail Tax. Under the bill, retail merchants in Vanderburgh County would have the option of filing a separate return, filing with the state Auto Rental Excise Tax, or filing with a return for the state Gross Retail Tax. Revenue collected by the Tax will be distributed monthly to the SARETF by the Treasurer of State upon warrants issued by the Auditor of State.

According to the Department of State Revenue, \$512,919 was collected in Vanderburgh County for the current statewide 4% Auto Rental Excise tax in CY 2001. Based on this amount, it is estimated that a 2% county option tax could generate an additional \$256,500 per calendar year. However, because of the exemptions, the tax generated by the County Supplemental Auto Rental Excise Tax as proposed would be somewhat less than \$256,500.

Money in the SARETF would be used only to pay capital and operational costs of the County Convention and Visitor's Bureau or the designate of the Bureau. Under the bill, the Tax would expire on January 1, 2033.

*Food and Beverage Tax:* The bill allows an extension of the Vanderburgh County Food and Beverage Tax (currently imposed at a 1% rate) beyond completed payment of either the airport terminal construction or improvements to the county auditorium or renovation for a new convention center and parking facilities (depending on the county's fiscal body approval.) Under current law, the Tax is set to expire on January 1 of the year following the year in which the last bonds issued to finance the above have been completely paid or defeased with respect to both principle and interest.

The bill would allow extension of the 1% Food and Beverage Tax to January 1, 2025, in order to finance the improvements to Mesker Park Zoo and Preservation Park.

Vanderburgh County Food and Beverage Tax revenue for FY 2001 was \$2.8 M.

**State Agencies Affected:** Department of State Revenue; Auditor of State; Treasurer of State.

**Local Agencies Affected:** Vanderburgh County.

**Information Sources:** Willie Gonzalez, Department of State Revenue, (317) 232-3996; *Indiana Handbook of Taxes, Revenues, and Appropriations FY 2001*.